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FM AMEMBASSY ZAGREB
TO SECSTATE WASHDC 8529

UNCLAS ZAGREB 000568

SIPDIS

DEPARTMENT FOR EB/IFD/OIA Heather Goethert, EEB/IFD/OIA Kimberly Butler, L/CID Gabriel Swiney, AND EUR/SCE

E.O. 12958: N/A
TAGS: [EINV](#) [KIDE](#) [HR](#)
SUBJECT: 2008 REPORT ON INVESTMENT DISPUTES AND EXPROPRIATION
CLAIMS: EMBASSY SUBMISSION

REF: STATE 43784

¶1. In response to reftel, paragraphs 2 and 3 provide Post's proposed language for Croatia for the 2008 Report on Investment Disputes and Expropriation Claims. There are no new investment disputes for inclusion in the report this year.

¶2. More than two hundred United States persons of Croatian descent, who were not U.S. citizens at the time their property was expropriated by the former Yugoslav Government, have claims against the Government of Croatia. A 2002 amendment to Croatia's 1996 Property Restitution Law allows claims by non-Croatian citizens only if a bilateral agreement exists between Croatia and a claimant's respective country. The USG has notified the Croatian Government of its desire to negotiate the necessary bilateral agreement as soon as possible. However, in early 2006, the Croatian Government decided it would propose an amendment to the 1996 property restitution law that would eliminate the requirement for such bilateral agreements and allow foreigners full access to the 1996 restitution law, on an equal basis with Croatian citizen claimants. The amendment, however, was never submitted to the Croatian parliament. Following the election of December 2007, the Croatian Government again stated its intention to amend the 1996 law to permit equal treatment of claims from foreign citizens. As of June 2008, the amendment was still being drafted and officials had no estimate as to when it would be completed.

¶3. At the same time, the issue is being considered in the Croatian court system. On April 2, 2008, the Administrative Court ruled, after an 11-year trial, that property expropriated during WWII from the family of Zlata Ebenspanger, a Brazilian citizen of Jewish origin, should be returned. This decision overruled the ruling of the court of first instance, which had denied her claim because she was not a Croatian citizen. As of June 2008, the Supreme Court was reviewing the Administrative Court's decision. The outcome of the Supreme Court's decision (expected in six months to one year) could significantly affect future court practice or even the efforts to amend the 1996 law on property restitution.

BRADTKE